

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 SS-20 NSC-10 PRS-01 DRC-01

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O R 010535Z DEC 73

FM AMEMBASSY SINGAPORE

TO AMEMBASSY JAKARTA IMMEDIATE

INFO SECSTATE WASHDC 9727

LIMITED OFFICIAL USE SECTION 1 OF 2 SINGAPORE 4653

FOR GARCIA

E.O. 11652: NA

TAGS: OVIP (REAGAN, RONALD)

SUBJ: SINGAPORE PRESS CONFERENCE

SINCE GOVERNOR REAGON'S SCHEDULE AFTER ARRIVAL WILL PERMIT LITTLE TIME FOR PREPARATION BEFORE PRESS CONFERENCE, THE FOLLOWING MAY BE USEFUL IN GOVERNOR'S OPENING STATE MENT AT PRESS CONFERENCE OR IN ANSWER TO QUESTIONS.

PURPOSE OF TRIP

Q: WHY ARE YOU TAKING THIS TRIP?

WHAT ARE YOUR CREDENTIALS AS A TRADE EXPERT?

A: I WOULDN'T ATTEMPT TO PASS MYSELF OFF AS A TRADE EXPERT, BUT I HAVE BEEN INTENSELY INTERESTED IN TRADE FOR SEVERAL YEARS BECAUSE OF ITS MAJOR IMPORTANCE TO THE STATE OF CALIFORNIA. WE ACCOUNT FOR A VERY LARGE PERCENAGE OF THE NATIONS'S EXPORTS. THREE OF THE MAJOR PORTS OF THE UNITED STATES ARE IN CALIFORNIA - LONG BEACH, LOS ANGES AND SAN FRANCISCO/SACRAMENTO - SO WE HAVE A LOT AT STAKE IN TERMS OF JOBS, INCOME, ETC.

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IN MY STATE WE HAVE HAD A VIGOROUS TRADE EXPANSION

PROGRAM FOR YEARS AND I HAVE GIVEN IT A LOT OF MY PERSONAL ATTENTION. AMBASSADOR CRONK TELLS ME THERE ARE AT LEAST 40 CALIFORNIA COMPANIES WITH OFFICES OR MANUFACTURING FACILITIES IN SINGAPORE. I DOUBT ANY OTHER STATE CAN COME CLOSE TO THAT.

NOW, AS YOU KNOW, THE US FOR YEARS RAN A MAJOR TRADE SURPLUS WITH THE WORLD, BUT THIS BEGAN TO BE ERODED ABOUT THREE OR FOUR YEARS AGO -- TO THE POINT WHERE IN 1972 WE RAN A DEFICIT OF NEARLY \$7 BILLION. OBVIOUSLY THIS IS A MATTER OF GREAT NATIONAL CONCERN. DEVALUATION OF THE DOLLAR AND THE WORLDWIDE BOOM IN COMMODITIES HAS HELPED REDUCE THIS DEFICIT VERY CONSIDERABLY -- WE MAY EVEN RUN A SMALL SURPLUS THIS YEAR -- BUT WE AREN'T SATISFIED THAT WE HAVE COMPLETELY SOLVED THE PROBLEM OR THAT WE ARE BENEFITTING AS MUCH AS WE CAN FROM FOREIGN TRADE. SO THE PRESIDENT ASKED ME TO TAKE THIS TRIP TO SEE IF I COULD COME UP WITH SOME RECOMMENDATIONS OF WHAT MORE WE MIGHT DO TO STIMULATE TRADE. I'VE BEEN TALKING WITH EMBASSY PEOPLE, AMERICAN BUSINESSMEN AND GOVERNMENT OFFICIALS AND I THINK I'VE GOT A MUCH BETTER UNDERSTANDING OF THE PROBLEM. I'M MEETING ABOUT 50 AMERICAN BUSINESSMEN AT OUR TRADE CENTER HERE TOMORROW FOR A GENERAL DISCUSSION OF TRADE MATTERS AND I HOPE SOME GOOD IDEAS WILL COME OUT OF THAT MEETING. I AM ALSO CALLING ON SINGAPORE'S FINANCE MINISTER, MR. HON, TOMORROW AND HIS TRADE ADVISORS.

Q: WHAT SPECIFICALLY HAVE YOU LEARNED SO FAR ABOUT TRADE EXPANSION?

A: WELL, SEVERAL THINGS.

I THINK MY MAJOR IMPRESSION IS THAT US MANUFACTURERS DO NOT PAY ENOUGH ATTENTION TO EXPORTS-- OR GIVE IT A SUFFICIENTLY HIGH PRIORITY. THE TRADE OPPORTUNITIES ARE THERE - IN THESE FOREIGN COUNTRIES - AND WITH DOLLAR DEVALUATION AND OUR TECHNOLOGICAL LEAD IN MANY FIELDS WE COULD DO MUCH BETTER IF WE TRIED HARDER. MOST AMERICAN MANUFACTURERS. PARTICULARLY THE SMALLER FIRMS, JUST HAVEN'T MADE THE EFFORT. I RECOGNIZE THE COSTS INVOLVED IN BREAKING LIMITED OFFICIAL USE

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INTO A NEW MARKET - PARTICULARLY ONE THOUSANDS OF MILES AWAY - BUT IT CAN BE DONE AS SO MANY HAVE DONE BEFORE. SO I THINK ONE THING WE CAN DO BACK HOME IS TO ENCOURAGE MORE COMPANIES TO MAKE A GREATER EFFORT TO GET INTO EXPORTS OR TO EXPAND THEIR MARKETING ACTIVITIES.

THERE IS ALSO THE MATTER OF EFFICIENT SERVICING OF EXPORT SALES, WHICH I THINK COULD BE IMPROVED, AND ADAPTION

OF PRODUCTS TO FOREIGN MARKETS.

I ALSO THINK WE SHOULD GIVE TRADE PROMOTION A HIGHER PRIORITY IN OUR DIPLOMATIC MISSIONS ABROAD. I DON'T MEAN THEY AREN'T DOING THEIR BEST, BUT I THINK WE COULD USE MORE PEOPLE IN THIS AREA. I'M NOT ONE, AS YOU KNOW, WHO BELIEVE IN BIG GOVERNMENT, BUT HERE'S AN AREA WHERE IT MIGHT PAY HANDSOME DIVIDENDS. ANYWAY, IT'S SOMETHING WE SHOULD LOOK AT.

ALSO, THERE MAY BE WAYS IN WHICH WE CAN IMPROVE THE EFFICIENCY OF OUR TRADE MISSIONS ABROAD BY USING MORE SOPHISTICATED TECHNIQUES. I HAVEN'T BEEN ABLE TO GET INTO THIS IN ANY DETAIL, BUT IT'S SOMETHING WE SHOULD CONSIDER.

I AM IMPRESSED BY THE CONCEPT OF REGIONAL TRADE PROMOTION, AS WE HAVE HERE IN SINGAPORE. SINGAPORE IS A REGIONAL TRADE CENTER AND IT MAKES SENSE FOR US TO TREAT IT AS SUCH IN OUR PROMOTIONAL ACTIVITY. THIS IS A CONCEPT THAT MIGHT WELL BE EXPANDED.

THOSE ARE SOME OF MY IMPRESSIONS FROM, ADMITTEDLY, MY VERY BRIEF VISIT OUT HERE.

Q. HOW WOULD YOU CHARACTERIZE US TRADE RELATIONSHIPS WITH SINGAPORE?

A. WELL, IN A WORK , EXCELLENT. I AM TOLD THAT OUR EXPORTS TO SINGAPORE HAVE ABOUT DOUBLED IN THE PAST THREE YEARS - AND ARE NOW RUNNING AT AN ANNUAL RATE OF OVER \$600 MILLION. OUR MARKET SHARE ALSO HAS XEN INCREASING LIMITED OFFICIAL USE

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AND IS NOW ABOUT 15PERCENT. TAKING EXPORTS AND IMPORTS TOGETHER, I UNDERSTAND WE ARE SINGAPORE'S SECOND LARGEST TRADE PARTNER - MALAYSIA BEING FIRST AND JAPAN THIRD.

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ACTION EA-14

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----- 002485

O R 010535Z DEC 73

FM AMEMBASSY SINGAPORE

TO AMEMBASSY JAKARTA IMMEDIATE

INFO SECSTATE WASHDC 9728

LIMITED OFFICIAL USE FINAL SECTION OF 2 SINGAPORE 4653

FOR GARCIA

WE ARE RUNNING A MARKET SURPLUS IN OUR TRADE WITH SINGAPORE - ABOUT \$140 MILLION LAST YEAR. SO ALL IN ALL WE ARE DOING VERY WELL HERE - AND SINGAPORE IS DOING VERY WELL IN THE UNITED STATE WHICH IS AS IT SHOULD BE SINCE TRADE HAS TO BE A TWO-WAY STREET.

IN RESPONSE TO QUESTIONS, THE MOST SENSITIVE AND POTENTIALLY TROUBLESOME SUBJECT IS THE CUTOFF OF PETROLEUM SUPPLIES TO US MILITARY FORCES. ANTICIPATED QUESTIONS AND SUGGESTED ANSWERS ARE:

Q: IN YOUR MEETING WITH PRIME MINISTER LEE, DID YOU DISCUSS THE SINGAPORE GOVERNMENT'S DECISION NOT TO SUPPLY PETROLEUM PRODUCTS TO US WARSHIPS?

A: WE REVIEWED THE GENERAL INTERNATIONAL SITUATION INCLUDING, OF COURSE, PROBLEMS SUCH AS THE ARAB EMBARGO OF CRUDE OIL. OBVIOUSLY, EACH COUNTRY HAS ITS OWN SPECIAL PROBLEMS AND MUST MAKE ITS DECISIONS ON HOW TO DEAL WITH THEM.

Q: HAS THE US GOVERNMENT OR DID YOU PROTEST THE SINGAPORE GOVERNMENT'S DIRECTIVE TO OIL REFINERIES HERE NOT TO SUPPLY OIL TO US WARSHIPS?
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A: NO. AS YOU KNOW, THE REFINERIES PRODUCING VARIOUS PETROLEUM PRODUCTS RECEIVE THEIR CRUDE OIL LARGELY FROM ARAB COUNTRIES. IT IS NOT PARTICULARLY SURPRISING THAT THESE COMPANIES BELIEVE THEY MUST GO ALONG WITH THE EMBARGO IMPOSED BY GOVERNMENTS FROM WHICH THEY OBTAIN THEIR

OIL.

Q: AS PRESIDENT NIXON'S PERSONAL REPRESENTATIVE, YOU ARE TRAVELING IN A US MILITARY AIRCRAFT. HAS THIS CREATED ANY PROBLEMS FOR REFUELING DURING YOUR TRIP? WHAT ABOUT HERE IN SINGAPORE?

A: I AM TRAVELING ON ONE OF THE PRESIDENT'S PLANES AS HIS PERSONAL REPRESENTATIVE TO PROMOTE THE EXPANSION OF US EXPORTS. THIS IS A CIVILIAN MISSION AND HAS ABSOLUTELY NO MILITARY IMPLICATIONS. I AM NOT AWARE THERE HAVE BEEN ANY PARTICULAR PROBLEMS OF REFUELING DURING MY TRIP.

Q: DID YOU REFUEL HERE?

A: I DON'T REALLY KNOW. I LEAVE THOSE MATTERS TO THE CREW OF THE PLANE.

Q: WHAT EFFECT WILL THE OIL EMBARGO HAVE ON THE OPERATIONS OF US FORCES OVERSEAS?

A: OBVIOUSLY IT HAS SOME EFFECT. BUT I REFER YOU TO THE PRESS CONFERENCE OF SECRETARY OF DEFENCE SCHLESINGER LAST WEEKEND WHEN HE SAID THAT A REDUCTION IN STEAMING HOURS AND TRAINING FLIGHTS WOULD NOT INTERFERE WITH THE OPERATIONS WE REGARD AS APPROPRIATE FOR NATIONAL SECURITY.

Q: WHAT ARE YOUR VIEWS ON OI EMBARGO IMPOSED BY THE ARAB

OIL PRODUCERS?

A: AS THE MIDDLE EAST SITUATION IS RESOLVED WE EXPECT A RETURN TO NORMAL PETROLEUM SUPPLIES WORLD-WIDE. IN THE MEANTIME, THERE WILL BE SHORTAGES THAT WILL CREATE HARDSHIPS FOR US ALL. HOWEVER, WE HAVE NO INTENTION OF LIMITED OFFICIAL USE

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ALTERING OUR POLICIES IN THE MIDDLE EAST AA A RESULT OF THESE PRESSURES.

Q: HOW DO YOU BELIEVE THE ENERGY CRISIS PRECIPITATED BY THE ARAB EMBARGO WILL BE SOLVED?

A: I AM CONFIDENT THAT AS THE RESULT OF THE EFFORTS OF SECRETARY KISSINGER AND OTHER INTERNATIONAL STATESMEN, PROGRESS IS BEING MADE TOWARDZQA NEGOTIATED SETTLEMENT IN THE MIDDLE EAST. I BELIEVE THIS WILL EVENTUALLY LEAD TO AN EASING OF RESTRICTIONS ON SHIPMENTS OF PETROLEUM PRODUCTS FROM THAT REGION.

Q: WHAT IS YOUR REACTION TO THE RECENT ASEAN STATEMENT
ON THE MIDDLE EAST?

A. I HAVE SEEN PRESS REPORTS, BUT AM NOT FAMILIAR WITH
THE DETAILS OF THE ASEAN STATEMENT. IN ANY CASE, I DON'T
THINK IT IS APPROPRIATE FOR ME TO COMMENT ON A STATEMENT
WORKED OUT AMONG THE FIVE ASEAN NATIONS.

NOTE: THE MEMBERS OF ASEAN (ASSOCIATION OF SOUTHEAST
ASIAN NATIONS) ARE SINGAPORE, INDONESIA, THAILAND,
MALAYSIA, AND THE PHILIPPINES.

IF QUESTION ON US PRESENCE IN INDIAN OCEAN ARISES, SUGGEST
YOU USE FOLLOWING SEGMENT OF SECRETARY SCHLESINGER'S
PRESS CONFERENCE AND REFER TO FACT FULL TEXT WILL BE
AVAILABLE AT SINGAPORE PRESS CONFERENCE.

" AS MANY OF YOU KNOW, PRIOR TO THE ESTABLISHMENT OF
HOSTILITIES IN VIETNAM, THERE WERE REGULAR VISITS BY
US NAVAL FORCES TO THE INDIAN OCEAN. WE INTEND TO
REESTABLISH THE PATTERN OF REGULAR VISITS INTO THE
INDIAN OCEAN, AND WE EXPECT THAT OUR PRESENCE THERE
WILL BE MORE FREQUENT AND MORE REGULAR THAN IN THE

PAST."
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